



CITY OF DURHAM | NORTH CAROLINA

## MEMORANDUM

**Date:** March 22, 2011

**TO:** Thomas J. Bonfield, City Manager

**THROUGH:** Keith Chadwell, Deputy City Manager

**FROM:** Kevin Dick, Director – Director, Office of Economic and Workforce Development  
Christopher Dickey, Senior Manager - Economic Development  
Peter Coyle, Cultural and Business Initiatives Coordinator

**SUBJECT:** Public Hearing per G.S. 158-7.1 to Receive Comments on Economic Development Grant Incentive and approval of a Building Improvement Grant for ClearSense Properties, LLC.

### Executive Summary

This item recommends the approval of a Building Improvement Grant (BIG) for ClearSense Properties, LLC.

### Recommendation

The Office of Economic and Workforce Development (OEWD) recommends that a Public Hearing on Economic Development Incentives be held per G.S. 158-7.1 and that Council authorize the City Manager to execute a contract with ClearSense Properties LLC in the amount of \$75,000.00 for a building renovation project at 502 Rigsbee Avenue, Durham, NC 27701.

### Background

On May 17, 2010, the City Council approved an economic incentive policy, which included among its grant programs, the Building Improvement Grant (BIG) program designed to encourage and provide financial assistance for building improvements to small businesses located Downtown and in Community Development Areas. Grants are to be used to upgrade and revitalize commercial buildings and, in doing so, to enhance these areas of the community, attract additional investment and assist in overall economic improvement in the City. BIGs are designed for building owners and can have a maximum amount of \$75,000.00.

On January 18, 2011, OEWD announced the availability of Building Improvement Grants with an application deadline of February 18.

A committee reviewed each of seven BIG proposals provided to them. One of the applicants later withdrew his application because of a late change to his proposed project, which reduced the project budget to a level below eligibility for a BIG. The committee included representatives of the Office of Equal Opportunity and Equity Assurance, the Office of the City Manager and the Office of Housing and Community Development. After analyzing all responsive grant applications, the committee recommended the following allocations be distributed among the following proposals. The list shows total project costs as well as those costs which are eligible for reimbursement under the grant.

300 E. Main Street, LLC	\$375,000.00	\$75,000.00
ClearSense Properties, LLC	\$965,149.00	\$75,000.00
CRANC	\$188,500.00	\$75,000.00
307 W. Main St., LLC	\$729,636.00	\$49,000.00
<b>TOTAL</b>	<b>\$2,258,285.00</b>	<b>\$274,000.00</b>

A BIG for ClearSense Properties, LLC would improve the appearance of downtown, make rental ready a currently vacant building and advance the City's goal for the development of Downtown retail and office space, while creating jobs in the Downtown district. The project will renovate the one story building and add a second floor to produce 12,288 square feet of usable space. The ground floor will serve as office and retail showroom space for Clear-Vue Glass with additional storefront space for a future rental tenant. The second floor will serve as offices for Studio B. Architecture and BuildSense, with additional space for a future tenant.

### **Issues and Analysis**

A major priority of the City of Durham is increasing and strengthening the economic stability of the City. Staff endorses the funding recommendations of the committee which would serve to promote the continued revitalization and vitality of downtown Durham and its surrounding neighborhoods. The proposed project will include \$890,149.00 in private investment with a \$75,000.00 BIG for a total project investment of \$965,149.00.

Increased capital expenditures by small retail businesses on items that are non-removable real property or personal property, will add to tax values in the City. Visible improvements to these business properties also will act as catalysts for additional investment, and added tax base, by others. The BIG program was created to serve and encourage this type of private investment. It is supported by the RKG Neighborhood Assessment Plan of March 2006, the Updated Downtown Master Plan of January 2008, and the City Center Market Retail District Study of January 2010.

The committee members are satisfied that there is a reasonable likelihood for business success for this project. While, there is no guarantee that any individual small startup

business will survive in the current economic climate, the capital improvements to the building will raise the assessed value for tax purposes even if the currently projected business tenant closes or moves to other locations over time. The renovated spaces still would offer high quality business locations for future tenants.

### **Alternatives**

The City Council may reject the recommendation to approve the funding or may choose to award a grant for a different amount. Not funding the project would undermine the ability of the Department to carry out the objectives of the Economic Development Financial Assistance and Incentive Policy program and objectives of downtown retail development. The applicant's project will have a positive effect on the appearance and business climate of the affected location.

### **Financial Impact**

FY 2010/11 funding for this project comes from the Downtown Revitalization Fund Org Code 15107010 and Object Code 728700.

### **SDBE Summary**

An SDBE summary is inapplicable because no project-specific goals have been set and no SDBEs are involved in this item.

### **Attachments:**

- Building Improvement Contract for ClearSense Properties LLC.
- ClearSense Properties, LLC Building Improvement Grant Application